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Message Text

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ACTION NEA-12

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02

COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 PA-04 PRS-01 USIA-15

AF-10 ARA-16 EA-11 EUR-25 DRC-01 IO-14 /237 W
---------- 051244
R 021345Z APR 74
FM AMEMBASSY JIDDA
TO SECSTATE WASHDC 6611
INFO AMCONSUL DHAHRAN

C O N F I D E N T I A L JIDDA 1687

E.O. 11652: GDS
TAGS: ENRG, SA
SUBJECT: PLANS BY SAUDIS TO BOOST OIL PRODUCTION

REF: A. STATE 64593; B. JIDDA 1565; C. JIDDA 1581

1. HOAGLAND ARTICLE IS ACCURATE IN TERMS OF EXPECTED ARAMCO PRODUCTION BY END OF 1975. IN FACT, IT IS SLIGHTLY MORE CONSERVATIVE THAN ESTIMATES OF PRODUCTION WE HAVE BEEN REPORTING TO BE POSSIBLE BY END OF 1975. WE DOUBT, HOWEVER, THAT THIS IS AN INDICATION SAG MAY BE CONTEMPLATING IMMEDIATE PRODUCTION INCREASES. YAMANI HAS MADE CLEAR THAT SAUDI ARABIA WILL CONTINUE TO PRODUCE FOR THE MOMENT AT A LEVEL BETWEN 8 AND 9 MILLION BARRELS PER DAY.

2. HINTS WE HAVE GIVEN EARLIER PROBABLY ARE IN A DIFFERENT TIME FRAME AND NO IMMEDIATE PRODUCTION INCREASES CAN BE EXPECTED IN THE NEXT FEW WEEKS. HOWEVER, HOAGLAND REPORT DOES INDICATE THAT YAMANI HAS DECIDED TO PUBLICIZE HIS INTENTION TO USE PRODUCTION AS NECESSARY TO BRING DOWN PRICES.
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3. IN CONVERSATION WITH ECONOMIC COUNSELOR APRIL 1, PRINCE SA'UD EXPRESSED SIMILAR CONCERN OVER PRICE HIKES AND ARGUED STRONGLY THAT SAUDI ARABIA COULD NOT STAND ALONE IN SOLVING THE PRICE PROBLEM. SAG NEEDED THE HELP OF THE U.S. WITH THE SHAH, AND HE WONDERED WHAT WE WERE DOING IN THAT DIRECTION? (YAMANI--WHO HAS NOT BEEN FEELING WELL--WILL BE GOING TO GENEVA AFTER HIS VISIT TO KHARTOUM TO PREPARE A MORE OR LESS COMMON FRONT WITH OTHER OIL PRODUCERS FOR THE UNGA SPECIAL SESSION, ACCORDING TO PRINCE SAUD.)

4. PRINCE SA'UD ON ANOTHER SUBJECT INDICATED THAT PARTICIPATION DISCUSSIONS WOULD NOT RPT NOT BE HELD IN NEW YORK WITH THE PARENT COMPANIES DURING SPECIAL SESSION.
5. AMCONSUL DHAHRAN MAY HAVE ADDITIONAL COMMENTS FROM ARAMCO OFFICIALS ON HOAGLAND ARTICLE.
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